



STATE BOARD OF EQUALIZATION

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Executive Secretary

No. 86/60

August 14, 1986

TO COUNTY ASSESSORS:

ASSESSABILITY OF VIDEO CASSETTE TAPES
IN DEALERS' INVENTORIES

Video cassettes held exclusively for sale or rent are exempt from ad valorem property taxation under Revenue and Taxation Code Section 219, the business inventory exemption.

Video cassettes actually rented or leased on the lien date do not qualify for the inventory exemption and are subject to property tax. Their taxability is limited to the full value of the tangible material by Revenue and Taxation Code Section 988. Section 988(a) provides that the value of motion pictures, including prints thereof, is "...the full value of only the tangible materials upon which such motion pictures are recorded."

As used in Section 988, "'motion pictures'...includes those intended for transmission, exhibition, or exploitation, by any means or method...." and "'prints' includes any film or other tangible property, and reproductions thereof, upon which is recorded...the sound or action of motion pictures...." (Emphasis added.)

If you have any questions, please contact our Business Technical Services Section at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
AL-05-3158A